



**STATEMENT TO THE LEGISLATURE**

**BY**

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**TREASURER OF ONTARIO AND MINISTER OF ECONOMICS**

**ON**

**THE 1992 ECONOMIC OUTLOOK**

**AND**

**PRE-BUDGET CONSULTATIONS**

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Thank you, Mr. Speaker.

I rise to inform the House that we are releasing today the Economic Outlook document for the coming year. I am also pleased to advise members of the government's plans for consultations on the 1992 provincial Budget, for which the Economic Outlook will provide valuable background information.

The Economic Outlook has been designed to give Ontarians an appreciation of our economy's strengths and the challenges we face, sector by sector, so they can make considered and informed judgements about the priorities to be addressed through our Province's fiscal activities.

These judgements will be crucial as decisions are made leading to the 1992 Budget.

Mr. Speaker, the Economic Outlook makes very clear many of the things the government has been saying for the past several months.

It does contain some hopeful news. For example, economic projections for the next few years are for a comparatively moderate recovery. Annual growth is expected to reach 3.6 per cent between 1992 and 1995, compared with the 6 per cent averaged during the mid-1980s.

Consumer spending, which dropped in 1991 due to the recession and the federal Goods and Services Tax, is forecast to rise by 2.8 per cent in 1992 -- owing to lower interest rates, improved housing and employment growth.

There should be growth in residential construction, and in knowledge-based industries, such as telecommunications. Growth in those industries is forecast to increase considerably faster than the economy as a whole, to meet the rising demands for business modernization.

So, too, will the business services sector, including banks and other financial institutions, finance and insurance companies, legal and accounting services.

However, most of the news is not very good.

We know that the recent recession has hit Ontario harder than any other province. Between February 1990 and February 1991, 260,000 jobs were lost.



Although Ontario accounts for 38 per cent of the national labour force, the province accounted for roughly 80 per cent of the jobs lost in Canada during this period. Thousands of those jobs are gone forever because of plant shutdowns.

Over the same 12-month period, total output fell by more than 5 per cent, and employment dropped by 5.2 per cent.

For 1992, the unemployment rate in Ontario is expected to be approximately 9.3 per cent.

The pace of consumption growth in 1992 will be moderate -- less than half that recorded in the 1984-86 period. The growth in retail sales will be considerably lower as a result.

Ontario's real trade surplus, which fell by an estimated \$2.7 billion in 1991, is likely to decline further in 1992 as imports outpace exports. This is due mainly to the high Canadian dollar and the ongoing weakness of the United States economy.

The figures suggest strongly that there will be very little let-up on our fiscal pressures.

Mr. Speaker, I have said -- in this House and elsewhere -- that we must manage within an environment of reduced financial flexibility. We must take into account the very real pressures the recession has brought to bear on our economy. I will say at this time that my upcoming announcement of our government's funding plans for our major transfer partners will reflect this.

In these difficult economic and fiscal times, the Budget takes on added importance. Revenue and spending decisions must -- as always -- be cast in light of the need to manage the economy... to help people cope with the after-effects of the recession, and to generate the conditions necessary for economic renewal.

No matter how bad things look today, we must never lose sight of that last objective. As I've said many times before, this government's priority is to promote economic renewal through its policy initiatives, and its sound fiscal management. That's why, in the 1991 Budget, we laid out a medium-term fiscal plan, which outlined the government's fiscal targets for the next three years.

There are going to have to be some tough choices made, if we are to meet those targets. And we want the people of Ontario to help us make those choices.



Mr. Speaker, for many years now, the process of writing the Ontario Budget has been shrouded in secrecy. There was little information available to help people understand the challenges governments faced.

This severely constrained meaningful consultation and broader public participation on key issues.

Mr. Speaker, when this government was elected, it made a commitment to a more open process, and to an on-going dialogue with the people of the province. We believe that the discussions on the 1992 Budget are an important way in which we can signal that we are honoring that commitment.

We want to encourage as much participation as possible in making choices. Our government is committed to fuller, more democratic participation by Ontario citizens in the running of their province.

This year, we are taking the first steps in moving away from exclusively one-on-one, closed-door meetings, towards more meaningful consultations with entire sectors of the economy -- and towards providing more information to the public.

I will be organizing in the coming months a series of roundtable discussions, to bring together representatives of workers, employers, and other organizations.

In addition to hearing the participants' concerns, I want to hear their views on how the the major economic and fiscal challenges facing the province should be managed.

Participants will have the opportunity to meet with both the officials of the individual ministries which administer their spending, and with those from Treasury. I will be joining these meetings as well. This will ensure that they can speak to, and be heard by, those government representatives who can address their needs.

Other individuals and groups will also be welcome to submit briefs, or make short written submissions outlining issues of concern to them.

In January, we will be publishing further information concerning the fiscal situation of our Province, which can be reviewed in the context of the analysis contained in the Economic Outlook.

And this year -- for the first time -- the government will publish an educational booklet which describes the factors involved in writing a Budget, and the decisions that must be made.

I have asked the Standing Committee on Finance and Economic Affairs to review the conventions on Budget secrecy, with a view to changing what many now agree are outdated secrecy requirements.

Mr. Speaker, Ontario faces some tough times, and some difficult choices.

It is our belief that involving Ontarians in the government decisions affecting their lives will allow not just greater participation, but cooperation, in the economic rebuilding of our Province.

Our Government is committed to a fuller and more democratic participation by Ontario citizens in the running of their Province. Our approach in consultations leading up to the 1992 Budget is a first step towards achieving that goal.

Thank you.